



Health Services
LOS ANGELES COUNTY

September 16, 2011

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

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Fourth District

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Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

John F. Schunhoff, Ph.D.
Chief Deputy Director

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*To ensure access to high-quality,
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health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



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TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Zev Yaroslavsky

FROM: Mitchell H. Katz, M.D.
Director

**SUBJECT: NOTIFICATION OF DEPARTMENT OF HEALTH SERVICES'
USE OF DELEGATED AUTHORITY TO EXECUTE AGREEMENT
WITH THE CALIFORNIA DEPARTMENT OF HEALTH CARE
SERVICES FOR THE LOW INCOME HEALTH PROGRAM
REQUIRED FOR THE CALIFORNIA 1115 WAIVER**

This is to advise your Board that the Department of Health Services (DHS or Department) will be exercising its delegated authority, granted on June 7, 2011 (attached), which allows the Director of Health Services (Director), or his designee, to execute an agreement with the California Department of Health Care Services (CDHS) for implementation of the Low Income Health Program (LIHP) under the new California 1115 Waiver (Waiver).

As previously reported to your Board by this Department, CDHS and the Centers for Medicare and Medicaid (CMS) entered into a new 1115 Waiver, commonly known as the California Bridge to Reform, on November 2, 2010, for a five year period commencing on November 1, 2010. This Waiver prepares California to implement federal Health Care Reform in 2014 for Medicaid Coverage Expansion (MCE) enrollees who are adults, aged 19-64, with incomes at or below 133% of the Federal Poverty Level (FPL) and who meet citizenship or legal residence requirements, by allowing local LIHPs to receive federal funding for enrolling and providing services to such individuals.

On December 14, 2010, your Board authorized the Director, or his designee, on behalf of the County, to participate in the new Waiver and its LIHP, and to submit all documents, including applications and certifications, necessary to establish and implement the County's intent to voluntarily participate in the Waiver and the LIHP. Subsequently, DHS submitted its LIHP application to the State on February 14, 2011 and received a letter of Initial Approval on April 11, 2011. The State indicated that an authorization process, to ensure program requirements will be met, would continue on a concurrent track with a contract process.

On June 7, 2011, this Department informed your Board, using the A-4 agenda item established for the Waiver, that it believed that an agreement with the State for implementation of the LIHP would likely need to be executed prior to July 1, 2011 in order to qualify for funding which would extend back to November 2010. The Department asked for authority to execute such agreement, even though the details of the contract were unknown at the time. To ensure there would be no

delay in implementation of the LIHP, your Board delegated authority to the Director, or his designee, to execute an agreement with CDHS for implementation of the LIHP under the new Waiver, subject to review and approval by County Counsel and the Chief Executive Office, and with prior notification of your Board.

In late June, CMS informed CDHCS that execution of the agreement was not required until September 30, 2011. During the intervening months, CMS engaged in a dialog with the State and a detailed review of the documents which took up much of the additional time. The Department was provided only a limited opportunity to negotiate the various provisions of the final agreement which it is now being asked to sign. As a result, the agreement contains some terms that are ambiguous or undesirable and that neither the Department nor County Counsel would have accepted but for the pressing need to have an agreement in place to permit funding to begin to flow. Thus, given the importance of the project as a whole, and the need to assure its full execution by September 30, 2011, the Department believes that it is appropriate to sign it as is. The State has agreed to consider amendments once the basic agreement is in place, and the Department, in conjunction with County Counsel, intends to try and address its residual concerns in that process.

As anticipated, the Agreement being signed reflects the requirements in the Special Terms and Conditions and the related state statutes, but it also fills in many of the implementation details which will govern how the Department makes the LIHP operational. These details include requirements for a rigorous quality assurance and utilization management system, a clearer delineation of required services and due process procedures, and stringent HIPAA security requirements. It clarifies that the Department must pay for out of network services where in-network capacity does not meet patient needs in a way that is broader than originally anticipated, but the Department believes that accepting this broader provision is appropriate and will not be detrimental. Finally, the Agreement includes a specific dollar amount for the maintenance of effort (MOE) based on historical spending, as required by the Special Terms and Conditions of the Waiver. That amount is \$641,764,753. That requirement is presently incorrectly stated and the Department's finance staff is developing more accurate figures, which will be incorporated into one of the future amendments. The Department anticipates that the correct amount will be between \$60 and 80 million dollars less than the MOE amount stated above.

County Counsel reviewed and approved the Agreement as to form. The Chief Executive Office also reviewed and approved the Agreement.

If you have any questions or require additional information, please contact John F. Schunhoff, Chief Deputy Director at (213) 240-8370.

MHK:ja

Attachment

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

**VIII. ITEMS CONTINUED FROM PREVIOUS MEETINGS FOR FURTHER
DISCUSSION AND ACTION BY THE BOARD**

- A-1. Continue local emergencies as a result of the following: (a) Discovery of an infestation of fruit flies, as proclaimed on May 10, 1990; (b) Conditions of extreme peril to the safety of persons and property arising as a result of fires within Los Angeles County, as proclaimed on October 13, 2008 and ratified by the Board on October 14, 2008; (c) Conditions of extreme peril to the safety of persons and property arising as a result of fires within Los Angeles County, as proclaimed on November 14, 2008 and ratified by the Board on November 18, 2008; (d) Conditions of extreme peril to the health and safety of persons arising as a result of Swine Influenza A virus within Los Angeles County, as proclaimed on April 28, 2009 and ratified by the Board on April 28, 2009; (e) Conditions of extreme peril to the safety of persons or property arose as a result of wild fires in the Cities of La Cañada Flintridge and Rancho Palos Verdes as proclaimed on August 28, 2009 and ratified by the Board on September 1, 2009; (f) Conditions of extreme peril to the health and safety of property arising as a result of Winter Storms 2010 in the County of Los Angeles, as proclaimed on January 18, 2010, and ratified by the Board on January 26, 2010; (g) Conditions of extreme peril to the health and safety of property arising as a result of the wild fires in the Cities of Acton and Palmdale as proclaimed on July 29, 2010 and ratified by the Board on August 10, 2010; and (h) Conditions of extreme peril to the safety of persons and property arising as a result of the severe rainstorms, winds, flooding, and mud and/or debris flows in Los Angeles County as proclaimed on December 29, 2010, and ratified by the Board on January 4, 2011.

This item was reviewed and continued.

- A-4. Discussion and recommendations relating to the new California 1115 Waiver (Waiver), commonly known as the Bridge to Reform Demonstration, to facilitate the discussion of the Waiver related policy issues and assist the Department of Health Services in meeting deadlines placed by the California Department of Health Care Services.

Revised recommendation: Authorize the Director of Health Services to execute an agreement with the California Department of Health Care Services for implementation of the Low Income Health Program under the new California 1115 Waiver, subject to review and approval by County Counsel and the Chief Executive Office, and with prior notification of the Board of Supervisors.
(Department of Health Services) (Refer to Memo A)

Recommendation: Authorize the Director of Health Services to negotiate and execute agreements for (1) non-medical and medical patient transportation services for Medical Coverage Expansion (MCE) enrollees on an as-needed only basis, at a total cost not to exceed \$300,000, for the period date of execution through June 30, 2012; and (2) with hospitals other than those listed on the Director of Health Services' memorandum to the Board dated February 22, 2011, to provide inpatient services to MCE enrollees should the need for additional network coverage arise, on condition that the Department is able to negotiate compensation at the best rates possible, effective upon execution through June 30, 2012, at a total Net County Cost not to exceed \$1.5 million for the term of the agreements; and (Department of Health Services) (Refer to Memo B)

In the event that transportation contracts currently exist under the Health Services' Department or another County department that may be expanded to provide medical or non-medical transportation services to MCE enrollees, authorize the Director to amend any existing agreements, as appropriate, to enable the provision of medical and non-medical transportation services, at a total cost not to exceed \$300,000, effective for the period from execution through June 30, 2012; and

County Counsel and the Chief Executive Officer are to review all agreements prior to execution, and the Department will provide notice to the Board, which notice will include specific details concerning all agreements, including but not limited to the identity of the contractors, a description of the work to be performed as well as the final, negotiated rates and/or cost of all agreements. (11-0949)

On motion of Supervisor Molina, seconded by Supervisor Antonovich, this item was approved as revised.

Ayes: 5 - Supervisor Molina, Supervisor Ridley-Thomas, Supervisor Yaroslavsky, Supervisor Knabe and Supervisor Antonovich

Attachments: Memo



Health Services
LOS ANGELES COUNTY

June 7, 2011

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Board of Supervisors**

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To: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: Mitchell H. Katz, M.D. 
Director of Health Services

Subject: **RECOMMENDATION FOR DELEGATED AUTHORITY
TO EXECUTE AGREEMENT WITH THE CALIFORNIA
DEPARTMENT OF HEALTH CARE SERVICES FOR
THE LOW INCOME HEALTH PROGRAM REQUIRED
FOR THE CALIFORNIA 1115 WAIVER
(Board Agenda Item A-4, June 7, 2011)**

Mitchell H. Katz, M.D.
Director

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Chief Deputy Director

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On November 2, 2010, California Department of Health Services (CDHS) and Centers for Medicare and Medicaid (CMS) entered into a new 1115 Waiver, commonly known as the *California Bridge to Reform*, for a five year period, commencing November 1, 2010. This Waiver provides the framework preparing California to implement federal Health Care Reform in 2014 for Medicaid Coverage Expansion (MCE) enrollees who are adults, aged 19-64, with incomes at or below 133% of the Federal Poverty Level (FPL) and who meet citizenship or legal residence requirements. The Waiver will provide federal funding for health care coverage expansion, continued partial funding of public hospitals' uncompensated costs, new funding for delivery system improvements at public hospitals, require the enrollment in Medi-Cal Managed Care by Seniors and Persons with Disabilities (SPDs), and federal matching funds for various State-only funded programs.

On December 14, 2010, your Board authorized the Department of Health Services (DHS) to submit action items related to the 1115 Waiver to your Board on a standing agenda item designated as A-4. This memo requests your Board's approval of a recommendation of delegated authority to execute an agreement with the State to implement the Low Income Health Program (LIHP).



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Each Supervisor
June 7, 2011
Page 2

On December 14, 2010, your Board also authorized the Director of Health Services, or his designee, on behalf of the County, to participate in the new California 1115 Waiver and its LIHP, and to submit all documents, including applications and certifications, necessary to establish and implement the County's intent to voluntarily participate in the Waiver and the LIHP. DHS submitted its LIHP application to the State on February 14, 2011 and received a letter of Initial Approval on April 11, 2011. The State had indicated that an authorization process, to ensure program requirements will be met, would continue on a concurrent track with a contract process.

The Department has just learned that, even though the authorization process has not been completed, an agreement with the State for implementation of the LIHP will likely need to be executed prior to July 1, 2011, the effective date of the new LIHP. This will not give the Department time to process the agreement to your Board for approval using the regular Board letter process. Therefore, the Department is requesting delegated authority in order to assure that there is no delay in implementation of the LIHP.

The exact terms and conditions of the agreement are not yet known, as the State has not provided us with a draft. Its terms are likely to mirror the responsibilities set forth in the Standard Terms and Conditions of the Waiver, which were agreed to by the State and CMS. The agreement will require the County to finance the non-federal share of expenditures under the LIHP, which may be done through certifying expended funds or through intergovernmental transfers. The amount of such expenditures or transfers will depend on enrollment. The agreement may cover services provided or paid for by the County Department of Mental Health.

RECOMMENDATION

It is recommended that your Board delegate authority to the Director of Health Services, or his designee, to execute an agreement with the California Department of Health Care Services for implementation of the Low Income Health Program under the new California 1115 Waiver.

If you have any questions or need additional information, please contact me or John Schunhoff, Ph.D., Chief Deputy Director of Health Services, at (213) 240-8370.

MHK:jfs